

making a difference

1998 Annual Report



Making a difference by . . .

- . . . preparing Hoosier workers for the jobs of the future.
- . . . helping more companies reach international markets.
- . . . improving the quality of Indiana communities for residents, businesses and visitors.
- . . . conserving Indiana's resources for future generations.
- . . . attracting the companies of tomorrow while building our existing industries.
- . . . creating a safer, healthier and more competitive Indiana.



Indiana

Be in a state of progress

Living por



Lieutenant Governor
Joe Kernan

& working in a state of ogress

Indiana is in a state of progress. Every year, we see our workforce get better and our companies get stronger. Our unemployment rate drops as our exports grow. More Hoosiers are working than ever before.

At the Indiana Department of Commerce, we work hard, along with our local partners, to ensure Indiana is in a competitive position to attract new companies and to keep our Hoosier companies strong. We work together to show prospects that Indiana is a great place to do business. We work together to provide existing Hoosier companies access to training, infrastructure improvements and other needs to maintain a strong position in their markets.

We are proud to support ventures that benefit Indiana in so many ways—with good jobs, improved infrastructure and communities built on aggressive, responsible development. The projects we develop with our partners—to both attract new companies and expand existing businesses—are designed to bring good jobs to Indiana and keep them here. We constantly reassess our assistance programs so they can best serve the companies of tomorrow as well as our traditional industries.

We are already recognized as a great place to do business. We have a favorable business climate that includes low state and local taxes, moderate labor costs, and low utility rates. For that matter, Indiana has an overall inexpensive cost of living, something that benefits businesses as well as citizens. We have an outstanding transportation network that earned us the nickname "Crossroads of America" and means that 65 percent of the U.S. market is within a day's drive. Our steady population growth creates an available workforce, and our affordable housing is a great combination with our low cost of living.

Existing industries are the backbone of our economy, and their continued success is vital. We also understand how important it is to support companies that move into the state and invest in our communities. Their investments create good jobs for Hoosiers and build our local economies—a winning circumstance for everyone involved.

It is fitting that we use our resources to encourage these investments. Our Training 2000 grant program supports new, smaller companies as well as larger, established firms to train their workers. We know a well-trained workforce is a productive workforce, regardless of the size of the company, and skilled workers keep costs down and profits up. In today's global economy, keeping our employees up to date on the latest technology and equipment is essential to the success of our businesses, our communities and our state.

Businesses that locate and grow in Indiana also benefit from assistance with infrastructure needs to ensure a good fit between a company and its community. We understand that to run a business efficiently and cost-effectively, all the tools must be in place and operate properly. The Industrial Development Grant Fund paves the way for companies to use the site best suited for their individual needs. Again, we partner with local communities, granting a portion of the funds necessary to create that perfect fit.

Training 2000 — 1998

- Grant funds allocated: \$14,222,800
- Local investment leveraged: \$2,371,102,301
- Hoosier workers affected: 53,623
- Companies assisted: 222

Industrial Development Grant Fund — 1998

- Grant funds allocated: \$1,841,215
- Local investment leveraged: \$182,134,900
- Hoosier workers affected: 2,409
- Companies assisted: 20

Economic Development for a Growing Economy (EDGE) — 1998

- Tax credits allocated: More than \$34 million
- Local investment leveraged: More than \$1.4 billion
- Hoosier jobs created: More than 3,854
- Number of companies assisted: 14

Trade Show Assistance Program — 1998

- Grant funds allocated: \$265,781
- Number of companies assisted: 67
- Hoosier jobs impacted: 6,822

Tourism Promotion and Assistance Fund — 1998

- Grant funds allocated: \$376,606
- Local investment leveraged: \$445,285
- Number of communities assisted: 32 in 28 counties

Community Focus Fund — 1998

- Grant funds allocated: \$30,642,573
- Local investment leveraged: \$28,922,020
- Number of communities assisted: 75

Community Planning Fund — 1998

- Grant funds allocated: \$226,192
- Local investment leveraged: \$322,626
- Number of communities assisted: 25

Planning Grant Program — 1998

- Grant funds allocated: \$1,668,301
- Local investment leveraged: \$288,661
- Number of communities assisted: 42

In 1998, Commerce participated in the opening of 16 facilities and the expansion of 217 businesses through the Training 2000 and IDGF programs, for a total of 233 projects. IDOC committed more than \$16 million to these projects in support of the combined total of more than \$2.5 billion in capital investment and 55,119 new Hoosier jobs.

The Commerce funding also supported the retraining of 44,663 Indiana workers to keep them abreast of the new technologies emerging in the manufacturing business.

Commerce also supports business investment in Indiana through the EDGE (Economic Development for a Growing Economy) tax credit program. In 1998, more than \$34 million in tax credits were approved by the EDGE Board for 14 companies in Indiana. Those ventures meant more than 3,800 projected new jobs for Hoosiers.

International trade is another integral part of Indiana's economic success story. Thousands of Hoosier manufacturing jobs are directly tied to exports. The durable goods that are Indiana's primary product are—and will remain—in high demand overseas. Our International Trade Division helps small to medium-sized Hoosier businesses meet that growing demand. Through several types of assistance programs, from capital concerns to trade show participation, Commerce ensures that Indiana is well represented around the world.

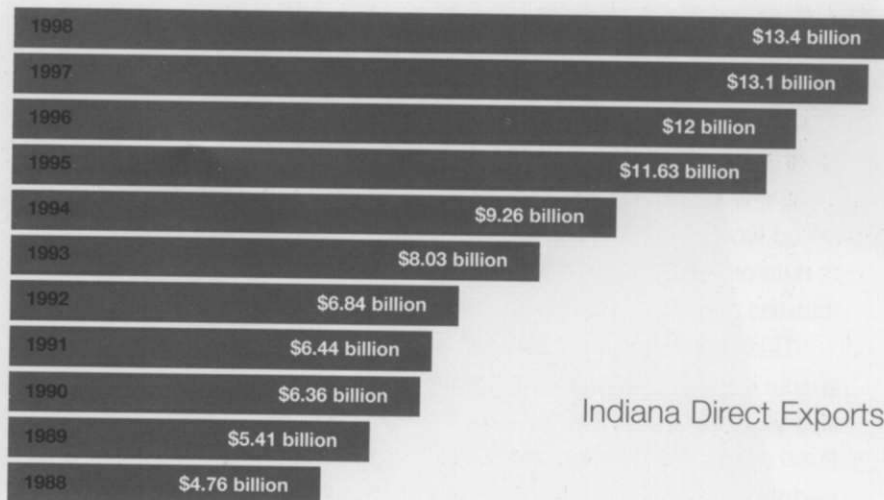
I believe the foundation of investment activity is trade activity. If Indiana is firmly in the mind of a foreign CEO because of our trade relationship, that CEO is more likely to consider investing in Indiana when it comes time to expand the company's facilities. As Gov. Frank O'Bannon says, "If you want to do business, there's no substitute for being there."

And we are there. Indiana is competing aggressively—and succeeding—in the global marketplace. In 1998, Hoosier exports grew by 2 percent over 1997 in contrast to the nation's 1 percent decrease over the same period. That set another one-year record for Indiana exports and continued our trend of outpacing the nation.

To strengthen our global presence, we partnered with other Great Lakes states to open three new trade offices overseas in 1998—in Argentina, Chile and South Africa. Sharing the cost of operating the offices means increased opportunities.

Attracting visitors to enjoy Indiana's natural and cultural resources is another facet of economic development. Tourism is a \$6 billion business in Indiana, and Commerce's Tourism Division is constantly using cooperative, innovative methods to build on our successes. In 1998, the division entered into advertising partnerships with 56 Indiana communities, leveraging \$384,000 in local investment with \$300,000 of division funds.

In another cooperative project, more than 1,000 Indiana tourism industry businesses participated in the publication of the *Indiana Travel Guide*, investing nearly \$900,000. The Tourism Division invests approximately \$600,000 annually in the guide, which is the



Indiana Direct Exports

largest public/private tourism promotion project of its kind in the nation.

The division also assists individual communities and organizations with tourism efforts. Its Tourism Information and Promotion Fund (TIPF) is designed to give local organizations the financial assistance they need to implement programs designed to increase tourism traffic.

The Community Development Division's mission is to build better communities by improving the quality of life through public works improvements; safe, affordable childcare and housing; and greater economic opportunities for more Hoosiers.



Lt. Gov. Joe Kernan and Gov. Frank O'Bannon

Community Development's programs include financial and technical assistance through both State and federal grants and loans. In 1998, more than 100 Hoosier communities received \$36,733,214 in assistance, which leveraged local funds of more than \$92 million.

New in 1998 was an Enterprise Zone in Elkhart. In addition to the 20 other Zones throughout the state, Elkhart Zone businesses are provided with the opportunity to lower their operating costs while strengthening their community through reinvestment and job creation.

Many Hoosier cities and towns now have greater economic strength and a renewed sense of community as a result of Community Development programs. Thousands of Hoosiers benefited from these programs, whether it was a clean, safe place to live; a better water system; or a new business taking over an abandoned building and providing jobs.

The Energy Policy Division promotes sustainable economic development—that is, development that will pay for itself in energy and other savings—through increasing energy efficiency and responsibly using natural resources. The division awarded a total of \$1,701,172 in grants and loans over the course of the year, leveraging \$9,695,537 in local investment.

The most visible example of the division's work in 1998 was the renovation of the lighting system at the Indiana World War Memorial in Indianapolis. As part of the State Facility Energy Efficiency Pilot Initiative, the division provided an interest-free loan of \$51,249 to replace the old lighting system at the memorial. The new lamps are eight times brighter and consume only half as much energy as the old system, and will save taxpayers approximately \$7,500 annually in energy costs.

So we have great export numbers, and we can list millions of dollars in investment, thousands of new jobs and substantial tax savings, but what does all that really mean? It means that individuals and communities in Indiana have more opportunities, better self images and hope for a bright future.

When we talk about the strength of our state, sometimes the individual story is lost in the crowd. In this report we are focusing on the human side of economic and community development—what all these new jobs and community improvements mean to individual Hoosiers whose lives are better because of what we do every day. They are the reason we work so hard to help bring new companies and new industries to the state, build stronger partnerships in the worldwide marketplace, strengthen Hoosier communities, and make sure Indiana's businesses and workers have the skills they will need to be successful in the new millennium.

They are why we will continue to work hard—together—to be in a state of progress.

Individual Development Account Program — 1998

- Accounts allocated: 800
- Number of CDCs receiving IDAs: 90
- Number of organizations receiving tax credits for matching IDAs: 90 tax credit accounts were awarded to 3 organizations

Neighborhood Assistance Program — 1998

- Tax credits awarded: \$2,392,437
- Local investment leveraged: \$53,555,452
- Number of organizations assisted: 76

Community Development Action Grant Program — 1998

- Grant funds allocated: \$1,803,711
- Local investment leveraged: \$8,942,108
- Number of organizations assisted: 49

Enterprise Zone Program — 1997, reporting in 1998

- Number of businesses participating: 1,676
- Tax savings realized by businesses: \$39,272,958.88
- Amount reinvested into community: \$665,498,330
- Hoosiers impacted: More than 110,200 Zone residents

Zero-Percent Interest Loan Programs — 1998

- Assistance awarded: \$1,385,564
- Local investment leveraged: \$9,516,567

Playground Grant Programs — 1998

- Grant funds allocated: \$228,866
- Facilities improved: 46
- Number of Hoosier children impacted: 2,630

Alternative Energy System Grant Program — 1998

- Grant funds allocated: \$86,742
- Local investment leveraged: \$178,970
- Energy cost displacement: \$23,262

The driving force to help everyday

people

Have a conversation with Jack Perry and you'll soon realize how everyday people in Indiana are really quite extraordinary. A lifelong resident of Princeton, Jack was downsized from his job after 18 productive years. The timing couldn't have been worse, either, with a mortgage on his home and a daughter in pre-med at Purdue. The nearest job he could find was 40 miles away from his home in Gibson County, which meant that both his home and his daughter's future were very much in question.

In Indiana, our dedication to training our labor force assures companies that they will have the most skilled workers available, which is vital to our success.

So Jack enrolled in Indiana's Workforce Development program, where he received valuable training and perfected new skills. It wasn't long before Jack qualified for and was offered a position at Toyota's new state-of-the-art plant in Princeton. He started work on February 2, Groundhog Day, a holiday he says he will celebrate for many years to come. It has been an experience, Jack says, that has changed his life. His daughter was able to stay in school, and he was able to purchase his first new car.

There are many other stories like Jack's — hard-working Hoosiers who have found support and encouragement from the State in the form of marketable work skills and retraining. And it's this kind of support that drives our future and creates a win-win situation in which both employees and employers prosper.

Toyota decided in 1998 to expand its original investment and add a new product utilizing the same assembly line in Princeton. This expansion includes an additional \$500 million investment, 1,000 more jobs and an increase in capacity from 100,000 vehicles to 150,000 per year.

Commerce assistance:

Training 2000: \$1,050,000

EDGE: up to \$10,200,000



E,

TOYOTA
Indiana
BEST TRUCK CEREMONY
SEPTEMBER 10, 1998



Rising

to the occasion in Northwest

When you're in the bakery business like Patricia "Pat" Holt, you get used to seeing good things rise to the top. But when the bakery company she and 150 other employees worked for in Michigan City announced it was moving operations out of town, she thought she had seen the last of a good thing. Even though the employees were offered jobs at the new site, the commute was too far for most of them. So Pat and the others prepared themselves for an uncertain future.

Indiana is committed to joining forces with local officials and community leaders, looking at potential threats and turning them into opportunities.

Upon hearing that another bakery, Consolidated Biscuit, was looking for a new site, the city teamed up with State and local economic development officials to create a competitive package that would entice the new company to Michigan City. The partnership proved more effective than they had imagined. Not only did Consolidated Biscuit choose Michigan City over a Kentucky site, it purchased the existing building and announced plans to hire 300 workers, turning what would have been a loss of 150 positions into a net growth of 150 new jobs!

Pat worked with the State employment office and the Kankakee Valley Workforce Development Office to obtain a position at Consolidated Biscuit. "I want to tell you, it was a Godsend for us," beams Pat. "The city and the State have got a fan in me!"

Thanks to local officials, an enthusiastic workforce and a state committed to partnership, Michigan City was able to do what all good bakeries do. Rise up.

Consolidated Biscuit entered into a \$12 million venture to open a new plant in Michigan City. The plant will bring an estimated 300 full-time jobs to the community.

Commerce assistance:

Training 2000: \$90,000

EDGE: up to \$486,564

IDGF (to Michigan City): \$90,000

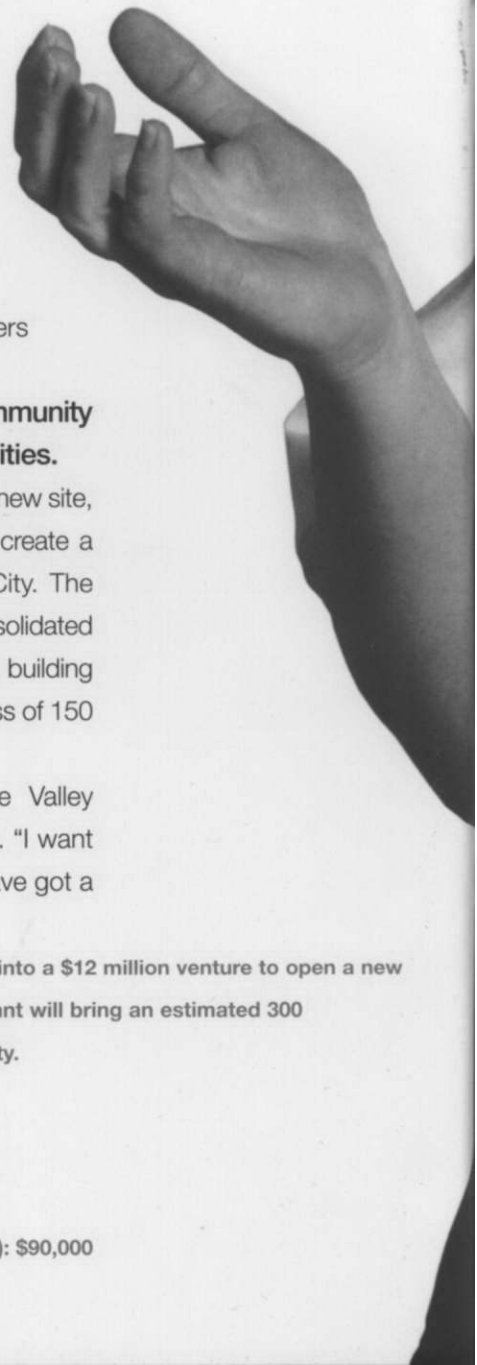


Photo: [illegible]

Indiana.



A place where everything's looking

It's been a coming-out story for Daviess County and a coming-home story for Lisa Klopfenstein. Lisa grew up on a dairy and grain farm in Daviess County and had always loved the sprawling, fertile countryside. Yet when she graduated from Vincennes University and then Goshen College with a degree in business administration, there were no jobs in the area that matched her skills. So she had to go elsewhere to find employment, and was hired by an automotive company in Goshen as a human resources specialist. After a few years she took a position in human resources for Freudenberg - NOK in Ligonier. She loved her position, but her heart was still in Daviess County.

Indiana's continued pursuit of new business has translated into progress and prosperity for many small communities — communities that before had lost their brightest and best due to a lack of opportunities.

Thanks in part to Indiana's commitment to attracting new companies and a strong state and local partnership in economic development, Daviess County was selected as the site for a new plant for Grain Processing Corp., whose headquarters is in Muscatine, Iowa. The plant meant new, good-paying jobs for 143 Daviess County residents. All those employees also meant that GPC was going to need Lisa. It was a perfect match.

Lisa remembers driving back to Daviess County on Highway 50 and seeing the new GPC facility rising into the air out of what used to be empty space. It was a sign of progress and prosperity. And it was a sign that Lisa was back home again in Daviess County.

Grain Processing Corp. is locating a corn wet-milling operation in Washington. Its main product is corn starch for paper, textiles, food and related industries.

The company is making a \$271 million investment and creating 143 new jobs.

Commerce assistance:

Training 2000: \$100,000

IDGF (to Daviess Co.): \$700,000

EDGE tax credits: up to \$1,368,500



up.

Putting



a smile on familiar faces.

Perry and Phyllis Crowe are just two of many seniors in LaPorte who were in need of quality housing. Perry had brain surgery in 1995 and has since been unable to work. The Crowes heard that the State and city were planning to renovate the old Rumely Hotel in downtown LaPorte, but Perry, for one, didn't believe the renovation could be done.

Caring about communities really means caring about people. Hoosiers of all ages deserve an opportunity to live in their home town, in a safe, clean and supportive environment.

The Rumely Hotel opened in 1913 to much fanfare and was known for its stately rooms and fine restaurant. By the 1960s, though, it had fallen on hard times and was in need of much repair. Perry, in fact, worked in the hotel back in the '60s and remembers how badly worn the historic building was. Trying to revitalize it some 30 years later seemed a monumental task. But it was a task that State and local officials felt could be done with a coordinated, joint effort.

In April 1998, the Crowes moved into their new home in the Rumely Historic Apartments, and they couldn't be happier. "It's beautiful here," says Perry. "It's unbelievable what they've done. We've found a home we can stay in the rest of our lives." The Crowes' 25-year-old son Mark says the Rumely is a welcome blessing for his parents, offering good housing, a sense of security and easy access to retail centers—plus the added benefit of seeing the rejuvenation of LaPorte's Downtown. The Rumely is a historic example of how Indiana helps keep communities strong through partnership and proactive thinking.

The Rumely Historic Apartments project is a perfect example of how cooperation can improve the lives of Hoosiers. When the property was offered at a tax sale, LaPorte County purchased it and donated it to the city. In turn, the city allocated funds and applied for grant money from the State to perform the badly needed renovation.

Commerce assistance:

CFF: \$400,000





A business culture that invites growth.

The Gardener family is in the culture business, so they know a little bit about growth — and what it takes to promote it. More specifically, the Gardeners' business, ONLINE Engineering inc., is one of only a handful of companies in the world that manufactures dispensing equipment for the biomedical industry. ONLINE machines automate the entire process of producing diagnostic culture media products in Petri dishes, contact plates, test tubes and dip slides. In what seemed like overnight, the demand for their highly specialized service spread from regional to worldwide. In fact, their exports have tripled since 1994!

Helping companies compete in the global marketplace is just one way Indiana nurtures growth and promotes success. Whether it's big business or a small enterprise, the state is poised to help stimulate international efforts.

Along with this growth, however, came growing pains. It's difficult for a small company to meet market demands without access to the working capital required to do business overseas. When a Danish company requested that ONLINE provide a Stand-by Letter of Credit, the Gardeners turned to Commerce's International Trade Division, which specializes in assisting small and medium-sized businesses to export. Through the Trade Finance Program, ONLINE received both an insurance policy and a working capital guarantee, two facets of the program that have helped the company tremendously with its international efforts.

President Jim Gardener and his wife Marilyn were surprised that the state would assist a company of their size. But Indiana knows that big growth can come from small packages — or, in this case, plastic containers.

International markets are ripe for many Indiana products. Many companies are reporting large increases in revenue from export sales.

In 1998, ONLINE's sales grew by \$500,000.

Commerce assistance:

Export credit insurance

Working capital guarantee



Setting the stage in Hoosier communities.

m eet Larry Francer. Actor. Adventurer. And board president of Historic Farmland USA. Now, what is a Broadway hopeful doing in the small town of Farmland, Indiana? Well, he's making a difference, for one thing.

Larry honed his craft as an actor while living in large metropolitan areas such as New York and Tampa. Then, in a lifestyle change that could appropriately be called dramatic, Larry moved to Farmland. There he has created quite a stir in a town known mainly for farming and sleepy Saturday nights.

Commerce's Main Street program was created with the idea that every community, regardless of size or influence, is important.

Larry, along with his team of devoted board members, solicited help from Indiana's Main Street program to begin a revitalization project back in 1992. His determination and vision earned him the nickname "King Larry" from some of the other board members. Larry's efforts have paved the way for the creation of an artists' paradise amid a quaint, restored rural town. His efforts culminated in a much-anticipated ribbon-cutting ceremony in September 1998, and ushered in a new era for the Farmland community.

Tourists now come from all over to visit Farmland, particularly at the holidays when 1,400 luminaries — one for each resident — are lit along the streets. The town is often alive with visitors and curiosity seekers. The Tanglevine Crossing gift shop, which Larry co-owns with Farmland native Jerome Herron, creates displays for other prestigious merchandisers. Main Street in Farmland is alive again, thanks to one man's perseverance and a supportive State that applauds his efforts.

In 1998, the Town of Farmland and Historic Farmland USA benefited from three Commerce programs: Indiana Main Street, the Community Focus Fund (CFF), and the Tourism Information and Promotion Fund (TIPF). The CFF grant helped improve the town's water system; the TIPF grant helped fund co-op advertising; and the Main Street staff provided many hours of consulting, services and technical assistance to Historic Farmland USA to support the organization's efforts to revitalize their historic downtown.

Commerce assistance:

CFF: \$500,000

TIPF: \$10,500

Main Street Design

Assistance Award: \$2,500

Wiring

into the next millennium.

four and a half years ago, Angela Reyes left her job as a mechanic and went to work for Bethlehem Steel as a laborer. While she appreciated the steady work, she was disappointed that she was utilizing her muscle, but not her brain. "It was a little monotonous," Angela says, "shoveling, breaking for lunch, and then shoveling some more. I wanted to make more of an impact by using my brain. Anything less and I felt I was doing myself — and Bethlehem Steel — a disservice."

Training is a vital role Indiana plays in the development and advancement of the State's labor force. As technology changes and the nature of our business moves to more sophisticated products, Indiana is determined to maintain our commitment to workforce development.

Angela qualified to pursue additional job training through Bethlehem's Motor Inspector training program, one of several that were made available thanks, in part, to the State's Training 2000 grant. Angela had always been interested in electricity because of her father's occupation as a residential electrician. After 13 weeks of intense training (in which she received the highest ranking), Angela made the transition to a more challenging — and rewarding — occupation. Today she is one of just a handful of female motor inspectors at the Burns Harbor facility. Not only is her sense of self at an all-time high, so is her income. In fact, she is now in the process of building a new home. And, of course, she's doing all the wiring.

Bethlehem Steel, Burns Harbor Division, a producer of hot and cold rolled steel sheets and plates, is investing \$63 million over the next two years in new and upgraded equipment. This project will bring 104 new employees to the company's workforce and retrain 550 current workers.

Commerce assistance:

Training 2000: \$200,000



Resource Guide

Indiana Department of Commerce

Executive Office, General Inquiries

Main Phone: 317-232-8800

Fax: 317-233-5123

Tom McKenna, Executive Director

Chuck Martindale, Deputy Executive Director

Business Development Division

Main Phone: 317-232-8888

Fax: 317-232-4146

Toll Free: 800-463-8081

Bob Murphy, Director

Community Development Division

Main Phone: 317-232-8911

Fax: 317-233-3597

Toll Free: 800-824-2476

Susie Harmless, Director

Development Finance Division

Main Phone: 317-232-8782

Fax: 317-232-4146

Toll Free: 800-463-8081

Nathan Hadley, Director

Energy Policy Division

Main Phone: 317-232-8940

Fax: 317-232-8995

Toll Free: 800-382-4631

Cheryl DeVoi-Glowinski, Director

International Trade Division

Main Phone: 317-233-3762

Fax: 317-232-4146

Carlos Barbera, Director

Marketing & Public Affairs Division

Main Phone: 317-233-9634

Fax: 317-233-0048

Toll Free: 800-463-8081

Deborah Coons, Director

Tourism & Film Development Division

Main Phone: 317-232-8860

Fax: 317-233-6887

Toll Free: 800-289-6646

John Goss, Director

For a complete listing of all programs,
please call 317-232-8800 or 800-463-8081.

Kimberly K. Hannel, Editor



Department of Commerce

One North Capitol, Suite 700

Indianapolis, Indiana 46204

317.232.8800

Fax: 317.233.5123

www.indbiz.com